

## V THE DIGITALIZATION PROCESS

The comments that have been received during the public consultations about the Draft Rule Book on Switchover from Analogue to Digital Broadcasting of Radio and Television Programs and Multiplex Access in Terrestrial Digital Broadcasting have been posted on the website of the Ministry of Telecommunications and Information Society. The comments were, among others, provided by the public company “Broadcasting Equipment and Communications”, ANEM and RTS. We remind that the Draft Rule Book that were expected to be adopted back in the second quarter of 2010, govern the manner, conditions and the time frame for the digital television switchover; the manner and conditions of access to the multiplex, the cessation of analogue television broadcasting and associated services and the start of the operation of digital broadcasting networks. The Draft Rule Book also provide for an allocation of channels by coverage zones in the first and second multiplex and confirm the technical standards determined earlier in the Digitalization Strategy (MPEG-4 version 10 i DVB-T2). The Draft Rule Book also confirms April 4, 2012 as the date for the digital television switchover in the Republic of Serbia, as well as the appointment of the public company “Broadcasting Equipment and Communications” as the network operator. With regard to the latter, the Draft Rule Book provides for the obligation of RATEL to issue to the said company, at its request and outside of an open competition, an individual license for the use of radio frequencies. It is foreseen that the allocation of TV channels, as well as the number and type of other services that may be transmitted through each individual multiplex, shall be determined by the Telecommunications and Information Society Ministry in cooperation with RATEL.

The comments of the public company “Broadcasting Equipment and Communications” are mostly technical in nature and directed at the technical aspect of the process (e.g. they propose a different distribution of channels in order to reduce the costs and avoid harmful interference). One comment was, however, essential, since it concerned the provision denying “Broadcasting Equipment and Communications” to broadcast in high resolution, even if the capacities for such broadcasting existed and the content providers were interested. The public company “Broadcasting Equipment and Communications” said it was thus put in an unequal position with cable and IPTV operators, which already had this service in their portfolio. On the other hand, ANEM warned of the unacceptable reduction of the guaranteed throughput per single television channel from 3 Mbps – as provided for in the Digitalization Strategy – to 2 Mbps as provided in the Rule Book. ANEM also pointed out to the fact that the Rule Book did not contain a concept for the allocation of additionally available space in the multiplex: it is unknown whether this space will be distributed proportionately (as provided in the Strategy) or in some other way. Furthermore, the Association pointed to the

unacceptable shift of competences for regulating the conditions and procedure for broadcasting licenses issuance, after the digital switchover, to RATEL, in cooperation with the Ministry of Telecommunications and Information Society and the RBA. The conditions and procedure for the issuance of broadcasting licenses are an issue regulated by the Broadcasting Law, which expressly stipulates that the licenses shall be issued by the RBA upon the completion of the procedure provided for by the same Law and not by an act of RATEL. Finally, ANEM objected over the fact that the Rule Book had introduced the obligation of all broadcasters to participate without any remuneration in advertising the process of digital television switchover. ANEM believes that the Ministry should provide for a fee for participating in this process or at least introduce limits to one's obligation to participate without remuneration. On the other hand, one of the proposals of RTS was to postpone the date of the digital switchover from April 4 to the end of 2012. At the same time, RTS has called for the introduction of a provision in the Rule Book allowing the release of an entire multiplex for the national broadcasting service's needs. The authors of this Report believe that it would be absolutely unacceptable to regulate the number of television channels to be broadcast by the RTS by Rule Book of the Ministry of Telecommunications and Information Society. That issue is presently regulated by the Broadcasting Law and it should remain that way.

## **VI THE PRIVATIZATION PROCESS**

In the period covered by this Report, no progress was made as to the privatization of the remaining state media. Instead of being treated as a violation of the applicable regulations and a mechanism helping the state to retain direct and unrestricted control over the media sphere, state ownership is viewed as a necessary condition for preserving the present unrealistically high number of media outlets in Serbia. Failed privatizations are highlighted as an example of the unacceptability of such model of media transformation in Serbia. At the same time, there is typically not much talk about the unwillingness of the government to regulate the media market in a way that would draw investments into this area. Even when the need to address the problem of transformation of state media is emphasized, such as on the December 23 session of the Culture and Information Committee of the Parliament, it is done from the standpoint of freeing the budget from funding these media and due to the need to reform the media system and ensure freedom of information.